

## ABSTRACT

The present invention provides a new and novel system and method for protecting a computer software product from its unauthorized use. In a preferred embodiment of the invention, a computer system or any other processor based hardware must 'download' a credit from an authorized licensing system in order to operate a software product. The invention also provides a novel way of utilizing dynamic encryption techniques that are used to exchange credits. The dynamic encryption techniques ensure that the licensing credits exchange taking place between the computer system and licensing system in the form of binary bit segments appear to be 'random' in nature. The credits are transferable from one form of licensing system to another licensing system adapted in a different embodiment. The licensing system also provides a convenient way to add or subtract the number of available credits in it. In the event a hard drive containing a software program fails to operate then the licensing system has the ability to 'recover' the installation credit from the failed hard drive available for the use of another software product installation.